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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

July 6, 2016

#### CERTIFIED RETURN RECEIPT

7015 0640 0001 4528 8168

Brad G. Boyter  
Western Clay Company  
PO Box 127  
Aurora, Utah 84620

Subject: Road Maintenance, Reclamation Cost Estimate Review, and Permit Fees; Western Clay Company; Last Chance Bentonite Mine; M/015/061; Emery County, Utah

Dear Mr. Boyter:

The Last Chance mine was inspected on June 23, 2016, and as a result of this inspection, two issues were identified that need to be resolved. This letter also addresses the issue of permit fees for this site.

#### **Road Maintenance:**

Road culverts near the mine were partially plugged, and some parts of the culverts were not covered. Please make the requisite repairs by August 31, 2106.

#### **Bond Escalation:**

The reclamation cost estimate for the Last Chance 25 & 26 mine is due for evaluation. The last cost estimate was done in 2011 and escalated to 2016 dollars.

The information in the reclamation plan does not have adequate details for the Division to calculate the required surety amount using unit costs, so the Division has estimated the amount using costs per acre as approved by the Board of Oil, Gas and Mining. Details of this calculation are in the following table:



**Mining Operation over Ten Acres**

<b>Project Size (Acres)</b>	<b>5 year escalation, 2016 through March 31, 2021</b>	<b>Total</b>
6 acres	5 year escalation \$36,900.00	\$36,900.00
Additional 5 acres	\$5,700/acre (5-year escalation) * 5 acres	\$28,500.00
Additional mob/demob costs	5 year escalation Mob up to 50 miles one way no additional charge Mob 51 to 100 miles (one way) \$4,500.00	\$4,500.00
Total for 11 acres		\$69,900.00

There are two alternatives to using average costs per acre. First, Western Clay may provide adequate detail to enable the Division to calculate the reclamation cost. This would entail providing volumes and distances for moving material as well as revegetation costs. Please contact Wayne Western at 801-538-5263 for further details if you would like to pursue this option.

The other alternative is for Western Clay to reclaim a portion of the mine to reduce the reclamation liability.

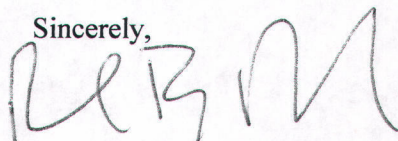
**By August 31, 2016, please notify the Division which of these options you would like to pursue. The Division will then discuss with you what further steps need to be taken.**

**Permit Fees:**

No additional permit fees are required at this time. In 2016, you were billed for, and you paid (thank you), the permit fee of \$150.00. Since the Last Chance mine is permitted as a large mine over 10 acres, the fee should have been \$500.00. Unless a portion of the mine is reclaimed and the mine is permitted as a small mine, future permit fee statements will be for \$500.00. The Division is not requesting the additional \$350.00 for 2016.

Thank you for your help in keeping the surety current and for completing the road maintenance work. Please contact Wayne Western at 801-538-5263 if you have questions concerning these requirements.

Sincerely,



Paul B. Baker  
Mining Program Manager

PBB:whw:pb

cc: Mike Glasson, BLM Price FO (mglasson@blm.gov)

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